

Message Text

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AMEMBASSY VIENNA

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VIENNA FOR EWTC

E.O. 11652: N/A

TAGS: BDIS, BU, SZ, US

SUBJECT: RUDMETAL AGREEMENT WITH UNION CARBIDE

REF: SOFIA 1026

1. BULGARIAN COMMERCIAL COUNSELOR VESSELINE TODOROV CONTACTED EMBASSY END MAY REGARDING DELIVERY PROBLEMS UNION CARBIDE GRAPHITE ELECTRODES. MAIN PURPOSE HIS VISIT WAS TO ENLIST EMBASSY ASSISTANCE IN INTERVENING WITH UNION CARBIDE GENEVA TO EXPEDITE DELIVERIES ON BULGARIAN CONTRACT. TODOROV SAID BULGARIAN END-USERS WILLING ACCEPT CHANGES IN DIMENSIONS OF ELECTRODES IF THAT WOULD SPEED DELIVERIES. HE SAID THAT UNLESS DELIVERIES COULD BE GUARANTEED, COSTLY SHUTDOWN OF BULGARIAN SMELTING PLANT WOULD RESULT. TODOROV MADE NO MENTION OF INCREASED PRICES FOR ELECTRODES AS BEING FACTOR IN CONTRACT WITH UNION CARBIDE.

2. EMBOFF CONTACTED UNION CARBIDE GRAPHIETE SALES MANAGER GENEVA (BORMANN) EARLY JUNE. BORMANN, WHO RESPONSIBLE FOR RUDMETAL CONTRACT, SAID THAT TWO FACTORS RESPONSIBLE FOR DELIVERY PROBLEMS: (A) OIL CRISIS BEGINNING LAST
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OCTOBER HAS SERIOUSLY DISRUPTED UNION CARBIDE PRODUCTION

SCHEDULES IN ALL FACILITIES, AFFECTING ALL ORDERS FOR LAST HALF 1974; AND (B) RUDMETAL , WHO RELATIVELY NEW UNION CARBIDE CUSTOMER, HAS BEEN ERRATIC IN PLACING ORDERS AND DID NOT PLACE ORDERS FOR SECOND HALF 1974 UNTIL LATE LAST YEAR, RESULT BEING THAT FULFILLMENT RUDMETAL CONTRACT IS AMONG LOWER PRIORITIES. BORMANN SAID PRICE IS NOT FACTOR IN RUDMETAL DELIVERY.

3. DURING JUNE 26 TELECON BORMANN REITERATED FOREGOING, ADDING THAT RUDMETAL HAD BEEN ADVISED LAST WEEK THAT ALL ATTEMPTS WOULD BE MADE TO MAKE RUDMETAL DELIVERIES BUT THAT UNION CARBIDE STILL NOT OPTIMISTIC. BORMANN COMMENTED THAT UNION CARBIDE HAD RECEIVED 1975 ORDER FROM RUDMETAL FOR ELECTRODES AT INCREASED PRICES BUT THAT UNION CARBIDE UNABLE ACCEPT BECAUSE OF COMMITMENTS TO TRADITIONAL CUSTOMERS. FYI: UNION CARBIDE PLACES MOST OF BLAME ON RUDMETAL FOR ERRATIC BUSINESS TACTICS AND NOT GETTING ORDERS IN ON TIMELY BASIS. BORMANN BELIEVES THAT IN FACE OF COSTLY PLANT SHUTDOWN IN BULGARIA RUDMETAL OFFICIALS RESPONSIBLE ARE SHIFTING BLAME TO UNION CARBIDE IN ORDER TO PROTECT THEIR OWN FLANKS.
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